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EXECUTIVE SECRETARIAT

ROUTING SLIP

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Remarks DDCI has seen.

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4 Dec 87

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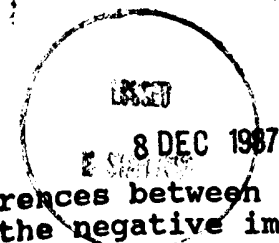
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 2, 1987

AR-01

Honorable Robert Gates
Deputy Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Bob:



Enclosed are talking points on the differences between the budget agreement and a sequester -- along with the negative impact that would occur if the Congress does not follow up on the general agreement as was announced last week and a sequester occurs. I've also included a copy of the White House talking points on the budget agreement, the President's letter to the Speaker on the short-term CR, and the Administration position on the CR. As you can see, the impact of a sequester would be fairly dramatic. This is going to be a tough package to get through the Congress by December 16th when the short-term CR ends.

Copies have also been provided to your Cabinet Secretary who has been asked to contact key members of your oversight committees. I would appreciate all you can do to help him in this effort and explain it to outside groups in your speeches, statements, discussions, etc. We need to make sure that the agreement is followed through as it was negotiated -- and that a sequester does not take place.

[REDACTED]

[REDACTED] Look forward to seeing you then. If you need any further information on the budget agreement or the sequester, do not hesitate to let me know.

Best regards,

Joseph R. Wright, Jr.
Deputy Director

Enclosures



THE WHITE HOUSE
WASHINGTON

December 2, 1987

MEMORANDUM FOR ADMINISTRATION SPOKESPERSONS

FROM: MARION C. BLAKEY *MCB*
DIRECTOR OF PUBLIC AFFAIRS

SUBJECT: SEQUESTRATION AND THE BUDGET AGREEMENT

Attached for your information and use are Talking Points that explain the difference between the Sequester Order and the bipartisan Budget Agreement.

If you have any questions concerning these materials, please feel free to contact the White House Office of Public Affairs at (202) 456-7170.

Thanks very much.

December 2, 1987

WHITE HOUSE TALKING POINTS

SEQUESTRATION AND THE BUDGET AGREEMENT

Overview

On November 20, 1987, President Reagan signed a Sequester Order that forces across the board reductions of \$23 billion in spending for national security and domestic programs during FY 1988. The President's signature was required by the

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are indiscriminate and are the budget. Many major programs are exempt. Because these reductions are made blindly, in some cases they are even counter-productive. For example, the cuts diminish the Government's ability to collect all of the taxes owed. That alone will add to the deficit.

On the day the President signed the Sequester Order, he also accepted a package of more targeted and broadly based budget cuts agreed to by congressional leaders. That Budget Agreement includes some increases in revenue similar to those the President proposed in his FY 1988 budget. The Budget Agreement, while clearly preferable to the Sequester, is not in force until implementing legislation is passed by the Congress and signed by the President. Until then, the Sequester is still in force.

What follows is an explanation of why the bipartisan Budget Agreement should be passed by Congress to replace the Sequester Order.

The Budget Agreement

- o The Agreement between the President and the joint leadership of Congress represents \$76 billion in firm deficit reductions over the next two years.
 - In FY 1988, the current fiscal year, the Agreement reduces the deficit by more than \$30 billion. That is \$7 billion more than the Sequester provides.
 - In FY 1989, the Agreement reduces the deficit by \$46 billion. The Sequester does not apply to the FY 1989 budget, other than the second-year effects on the reductions in budgetary resources.
- o The Budget Agreement preserves vital defense capabilities by providing about the same budget authority for FY 1988 as in FY 1987.
 - The compromise Budget Agreement will ensure \$285.4 billion in defense outlays in FY 1988 and \$294 billion in FY 1989.

WHITE HOUSE TALKING POINTS

- The Sequester Order will reduce FY 1988 defense budget authority by about \$15 billion below the level of the Budget Agreement.
- o The Agreement begins to control spending for entitlement programs. Savings in FY 1988 are achieved in Medicare (\$2 billion); agriculture (\$900 million), and guaranteed student loans (\$250 million). An additional \$1.6 billion in savings will be achieved in FY 1989.
- o The Agreement includes \$11 billion in additional revenue -- \$9 billion in taxes and \$2 billion in user fees and IRS compliance reviews. This increase is acceptable as long as it will not interfere with economic growth and meet the President's criteria -- "no revenue other than the kind that we called for in our budget."
 - Off limits are any changes in Federal income tax rates for individuals or businesses, indexing of income tax rates, and new value-added taxes.
 - Any revenue legislation requires the President's approval and his signature, and it is subject to his veto.
- o The President has already proposed measures that would increase revenues by extending certain payroll taxes to uncovered workers, continue the practice of offsetting tax refunds when debts are owed to the government, and eliminating the tax loophole on employee stock option plans.
- o While no compromise will be seen as perfect by all sides, the Budget Agreement between the President and the bipartisan congressional leadership is far better than the across-the-board cuts that would take place under Sequester.

Summary

The Reagan Administration believes that much more can be cut from virtually all areas of domestic spending. The problem is that the Sequester Order does so blindly and across the board. It is this indiscriminate nature of the Sequester Order that results in cutting away lean meat rather than budget fat.

WHITE HOUSE TALKING POINTS

NATIONAL DEFENSE

The Sequester Order now in force requires substantial reduction in defense spending and threatens to return us to the days our planes couldn't fly and our ships couldn't sail for lack of sufficient operation and maintenance funds. The Sequester now in force is reducing our defense Budget Authority by a \$15 billion, or 5 percent below the amount provided for in Budget Agreement. Spare parts, munitions, and support equipment will suffer a disproportionate share of those cuts.

This is how the Sequester Order will diminish our defense

- o \$7 billion will be cut from the operation and maintenance of our national defense. In real, inflation-adjusted terms, that means we will spend 10 percent less on operation and maintenance of our defense structure in FY 1988 than in 1987. Even the Congressional Defense Authorization Conference Report admits that the Sequester Order puts spending:

". . . below the minimum level of funding necessary to maintain the current operating levels and readiness of our military forces."

- o The Sequester will soon sink the Navy's ability to maintain its ships with experienced crews. The Navy could be forced to leave ships tied up at the dock, not deploy them in essential waters.
- o The Order forces cuts in the number of flying hours, reducing pilot training and combat readiness. Some units might be forced to curtail operations, thus reducing the Nation's ability to keep the peace and defend freedom home and abroad.
 - Navy pilot training would be reduced by 29 percent below the FY 1987 level.
 - Air Force flying hours will be cut to 80 percent of the FY 1987 level.
 - Army flying hours will drop by 22 percent from FY 1987 level.
- o The Sequester Order forces the deferral of equipment maintenance thereby disrupting shipyards and aircraft facilities. Newly purchased equipment will remain in

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WHITE HOUSE TALKING POINTS

- o The Order forces curtailment of field exercises that develop and maintain combat preparedness.
- o The Sequester Order undermines our defense posture, thereby weakening the President's ability to persuade the Soviets to continue to negotiate seriously on arms reduction.

Undermining Our Defenses

- o Procuring of spare parts to sustain aircraft, vehicles and ships will be cut. Lower levels of spare parts will reduce our ability to fly combat sorties and undermine the investment we made in new weapons over the past seven years.
- o Funding for ammunition and spare parts will be cut by 10 percent in real terms from the FY 1987 level.
- o Production of anti-tank munitions will be sharply reduced and stockpiles for NATO forces will remain at unacceptably low levels under the Sequester.
- o Severe cuts will be made in the production of Navy and Air Force missile systems.
- o Production slowdowns will force the loss of skilled workers in munition plants that would reduce our ability to surge production lines during emergencies.

The Budget Agreement

These changes in the Nation's defense posture are already mandated by the Sequester Order now in force. It can be replaced, and its adverse impacts on our defense posture lessened, by congressional acceptance of the bipartisan Budget Agreement. While the Agreement provides a lot less than we need, it would make far smaller cuts in our defense program than Sequestration. The Budget Agreement, then, is key to maintaining national security now and in the future.

WHITE HOUSE TALKING POINTS

CONTROLLING CRIME

The Sequester forces an estimated \$327 million reduction in the Justice Department's law enforcement activities. A cut of this size would severely limit the Administration's ability to fight crime and to reduce the flow of drugs into the United States. Adopting the Budget Agreement would preserve our ability to fight crime and pursue the war against drug abuse.

Under the Sequester Order

- o The Drug Enforcement Administration would furlough employees and reduce coverage on drug interdiction programs.
- o The FBI would be forced to postpone hiring for 700 positions. It would also postpone purchases of key equipment, reduce investigative case travel and curtail training for local law enforcement personnel.
- o Enforcement of the new immigration reform law would be slowed because of hiring restrictions in the Immigration and Naturalization Service. Also, Operation Alliance, a U.S.-Mexican effort to stop drugs entering the U.S., would be curtailed.
- o Three new prisons could not be staffed, leaving them idle.

The Budget Agreement

- o The Agreement would eliminate the need for automatic Sequester-driven reductions in law enforcement expenses and ensure that the laws would be enforced, the border patrol would be increased, and much needed prison facilities would be available.
- o In addition, at the Treasury Department, the U.S. Customs Service would furlough employees for up to 23 days and reduce coverage on drug interdiction programs.

WHITE HOUSE TALKING POINTS

TRANSPORTATION

The Sequester Order now in force could mean more air traffic delays and fewer safety inspections. It would cut \$192 million from air traffic control, including the operation and maintenance of air traffic control equipment and facilities, and from inspections. That would stretch an already hard-working air traffic control system beyond anticipated limits, and could reduce the margin of safety if there are fewer inspections of the planes we fly on and the men and women who fly them. The Budget Agreement, by comparison, would continue adequate funding to maintain the air traffic control system and to continue vital Federal inspections. The Budget Agreement will maintain the margin of safety the Sequester Order would reduce.

Coast Guard operations would be cut by \$120 million. That money would reduce marine safety and drug enforcement operations.

Under the Sequester Order:

- o The present air traffic control system would remain static; there would be no increase in the number of air controllers. That means delays in the air and on the ground.
- o Training opportunities for existing air traffic controllers would be limited. That means fewer fully qualified controllers to guide planes safely through crowded skies.
- o The FAA's maintenance workforce would be reduced. When computers go down and communication equipment fails, it will take far longer to repair them. That translates into longer delays as air traffic controllers slow the system down to compensate for their increased workload.
- o There could be fewer Federal inspections of planes and pilots because of reductions in the aviation inspector workforce. That is a clear risk to the safety of the flying public.
- o Up to 16,000 FAA employees not involved in safety-critical work could be subject to furlough for as long as three months. As a result, there will be reductions in logistical support and less policy and managerial oversight of FAA activities.

WHITE HOUSE TALKING POINTS

- o 10 patrol boats and eight cutters would be decommissioned. This would impede interdiction of boats smuggling marijuana and cocaine into the U.S.
- o 10 aircraft that fly 8,000 patrol hours a year in search of smugglers, illegal foreign fishing operations, and mariners in distress will be grounded.
- o 10 search and rescue stations will be closed. Each year they rescue hundreds of mariners who suffer boating accidents.
- o 10 field offices will be closed that had been involved with vessel inspections, marine pollution abatement, and port security.
- o These cuts mean more lives will be lost at sea, and more lives will be lost at home as drug smugglers continue their crimes with sharply reduced Federal detection.

The Budget Agreement

By providing a far higher level of funding, the Agreement would provide for continued hiring of air traffic controllers, continued training, and continued maintenance on equipment. Coast Guard operations would remain in force. Lives would be saved and illegal drugs seized. In the starkest terms, for some, the difference between the Budget Agreement and the Sequester Order is the difference between life and death.

WHITE HOUSE TALKING POINTS

INTERNAL REVENUE SERVICE

Under the Sequester Order, the deficit reduction would be less than \$23 billion because IRS' ability to collect money owed the Government will be reduced. By comparison, the Budget Agreement provides funding to maintain IRS collections, and to serve the taxpayers with information and timely refunds.

Under the Sequester Order:

- o IRS funding will be cut and its ability to collect all the revenues owed will be reduced. IRS officials report that as much as \$2 billion in taxes will not be collected because of insufficient resources. The loss of that \$2 billion in revenue will force the deficit up by an equal amount.
- o IRS services to taxpayers filing under the new tax reform law will be cut. Funding reductions for IRS make it impossible for IRS to meet its increasing workload because there are insufficient funds to provide staff to answer taxpayers' questions at IRS district offices.

The Budget Agreement:

If Congress passes the Budget Agreement, it will provide the funds IRS needs to continue collecting revenue owed the Government, help taxpayers comply with the new rules for new, lower rates, and maintain IRS ability to get tax refunds back to taxpayers in an average of six weeks.

WHITE HOUSE TALKING POINTS

VETERANS ADMINISTRATION

President Reagan's commitment to provide essential help for those who served their country is substantially reduced by the Sequester Order. By comparison, the Budget Agreement, if adopted, would preserve benefits for hundreds of thousands of people, including Vietnam-era veterans.

Under The Sequester Order:

- o 23,000 veterans who suffered a disability in the service of the Nation and who are training in the VA's Vocational Rehabilitation program will see their subsistence allowances cut substantially, from \$310 a month to \$256 a month.
- o Monthly benefit checks for 193,000 Vietnam-era veterans and their 41,000 dependents training under the G.I. Bill will be cut by over 10 percent. That will disrupt educational plans and programs and reduce the ability of these veterans and their dependents to take advantage of educational benefits they are now provided.

The Budget Agreement

- o If the Sequester Order is replaced by the Budget Agreement, then funding of job training for veterans who suffered disabilities in service would continue. Benefit checks for Vietnam veterans using the G.I. Bill will be restored.

WHITE HOUSE TALKING POINTS

OTHER DOMESTIC PROGRAMS

The Sequester orders the following reductions:

- o EDUCATION: Educational programs would be cut by \$1.4 billion. Pell grants, which provide aid to needy college students, would lose \$200 million and as many as 200,000 recipients would lose their awards.
- o AGRICULTURE: Federal inspectors could be furloughed for up to 30 days a year, which would delay meat and poultry inspections and force slowdowns and even shutdowns of meat and poultry processing operations. The economic loss to the industry could be large. In addition, support payments and loans to farmers would be cut by \$1.4 billion. This would significantly affect farm income, reducing the income of a typical farmer by as much as \$4,000.
- o HEAD START: Will be cut by \$100 million and 41,000 children will lose its services.
- o AGING: The Administration on Aging will lose \$64 million and 22.7 million fewer meals would be served to senior citizens in their homes or in group settings.
- o HEALTH: Research on cancer and heart disease will be curtailed as NIH protects AIDS research, but other research-grant support will be cut by \$500 million.
- o ENERGY: General science programs would be reduced to funding levels approximating those of FY 1986. That means curtailed operations at Fermilab, Brookhaven National Laboratory and the Stanford Linear Accelerator. Contracts and grants to individual researchers elsewhere would be cut by at least 30 percent. The Science and Technology Centers initiative, part of the President's Competitiveness Initiative, would be cancelled. National Science Foundation research support for 500 scientists and engineers would be terminated.

Summary

The Budget Agreement is not a perfect document. It is a compromise, and that means the Administration could not cut as much from the budget as should be cut. More should be cut from many domestic programs. But the Agreement is far preferable to the Sequester Order and its indiscriminate, across-the-board cuts that take away muscle and bone as well as the fat.

THE WHITE HOUSE
WASHINGTON

December 1, 1987

Dear Leader:

This is to register my concerns with the provisions of H.J. Res. 395, the Continuing Resolution, which I understand is scheduled to be considered in the House in the near future. While members of the House and Senate are working to develop legislation that would implement our bipartisan budget agreement, it would be counterproductive for the Congress to act on a measure that clearly violates both the spirit and the terms of that agreement.


Let me also point out there are many extraneous provisions included in the Resolution to which I must take exception. In addition I am informed that further objectionable measures may be incorporated into the Resolution by the Rules Committee.

It is imperative in my view that essential nonlethal aid to the Nicaraguan democratic resistance be continued in the Resolution. To fail to provide such assistance at this critical time would undercut the peace process and undermine our commitment to democracy in Central America.

I trust that we can continue our bipartisan effort and work toward implementation of the agreement reached last month. I urge you and your colleagues to develop a Continuing Resolution that is faithful to our agreement.

We are working to carry out the Administration's part of this agreement, and I trust the House will do the same. If H.J. Res. 395 were sent to me in its current form for signature, I would have no hesitation in vetoing the measure.

Sincerely,



The Honorable Robert H. Michel
Republican Leader
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

December 1, 1987

Dear Mr. Speaker:

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Sincerely,



The Honorable Jim Wright
Speaker of the
House of Representatives
Washington, D.C. 20515

November 24, 1987

WHITE HOUSE TALKING POINTS

THE DEFICIT REDUCTION AGREEMENT

"[The agreement] provides the necessary services for our people, maintains our national security, and does both at a level that will not over-burden our taxpayers. In a word -- fairness."

--- President Reagan
November 21, 1987

- o President Reagan and the bipartisan congressional leadership have agreed to Federal budget deficit reductions totaling \$76 billion over the next two years. With these reductions, the Government should comply with the Gramm-Rudman-Hollings targets for FY 1988 and FY 1989.
 - The deficit will be reduced by \$30.2 billion in FY 1988 and \$45.85 billion in FY 1989.
 - The \$30.2 billion savings in FY 1988 substantially exceeds the \$23 billion deficit reduction that would be achieved through the sequester (reduction) order for FY 1988, which was issued last week as required by law.
- o The revenue increases in this deficit reduction package are comparable in size to those originally proposed by President Reagan in the FY 1988 budget he sent to Congress in January 1987.
- o President Reagan's leadership and a strong economy helped cut the deficit by \$73 billion in FY 1987. This package will continue our progress toward controlling the budget deficit.
- o The agreement preserves President Reagan's commitment to a safety net of essential services for the poor.
- o The agreement preserves President Reagan's commitment to protect Social Security.

WHITE HOUSE TALKING POINTS

THE AGREEMENT

(in billions of dollars)

<u>Category</u>	<u>FY 1988</u>		<u>FY 1989</u>	
	<u>Budget Authority</u>	<u>Outlays</u>	<u>Budget Authority</u>	<u>Outlays</u>
Domestic	\$145.1	\$160.3	\$148.1	\$169.2
International				
Affairs	17.8	16.5	18.1	16.1
Defense	292.0	285.4	299.5	294.0

Spending Cuts

- o The agreement reached with Congress reflects the President's commitment to balancing the budget primarily through spending cuts.
- o The agreement provides for a total of \$36.25 billion in spending cuts over two years -- \$11.6 billion in spending cuts in FY 1988 and \$19.95 billion in FY 1989.
- o These cuts are part of the President's promise to reduce the rate of increase in Federal spending. In real terms, domestic spending grew at an annual rate of more than 6.5 percent between 1960 and 1980. Since 1980, the growth rate in spending has been held to about 2 percent.

Revenues: The President did not agree to new taxes

- o The revenue increases in this deficit reduction package are comparable in size to those originally proposed in the FY 1988 budget. As President Reagan said in announcing the agreement:

"I would like to remind you that in the budget last January that I sent up to the Congress, I had proposals in there for \$9 billion in revenues. And this has been part of our proposal all the way. But they are not taxes dealing with changes in the income tax or taxes that we think would be deleterious to the economy. But these sources of revenue [have] been there laying on the shelf since January."

WHITE HOUSE TALKING POINTS

SPECIFIC SAVINGS

(in billions of dollars)

	<u>FY 1988</u>	<u>FY 1989</u>
<u>Revenue Increases</u>		
Receipts	9.00	14.00
User fees	0.40	0.40
IRS enforcement (net)	<u>1.60</u>	<u>2.90</u>
Subtotal, revenues	11.00	17.30
<u>Outlay Reductions</u>		
Defense	5.00	8.20
Non-defense discretionary	2.60	5.80
Entitlements programs:		
Medicare	2.00	3.50
Agriculture	0.90	1.60
Federal personnel	0.85	0.85
Guaranteed student loans	<u>0.25</u>	<u>0.00</u>
Subtotal, entitlements	<u>4.00</u>	<u>5.95</u>
Subtotal, outlays	11.60	19.95
<u>Other</u>		
Pension Benefit Guarantee Corporation		
premiums	0.40	0.40
Veterans Administration housing fee	0.20	0.20
Veterans Affairs loan sales	0.80	1.00
Asset sales	5.00	3.50
Debt service	<u>1.20</u>	<u>3.50</u>
Subtotal	7.60	8.60
<u>TOTAL DEFICIT REDUCTION</u>	30.20	45.85



STATEMENT OF ADMINISTRATION POLICY

December 1, 1987
(House Rules)

H.J. RES. 395: FY 1988 OMNIBUS FULL-YEAR CONTINUING RESOLUTION
(Sponsor: Whitten (D) Mississippi)

The President's senior advisers would recommend veto of the full-year continuing resolution as reported by the House Appropriations Committee. It is deficient for several reasons.

H.J. Res. 395 fails to reflect the budget agreement reached between the President and the bipartisan leadership of the Congress. It is absolutely imperative that funding levels provided in FY 1988 appropriations bills be consistent with the bipartisan budget agreement for domestic, international, and defense spending. Action taken on appropriations bills, in conjunction with reconciliation, must achieve the important and necessary reductions to the deficit.

The resolution also is deficient because it fails to include non-lethal aid to sustain the Nicaraguan democratic resistance while the process leading to security and democracy in Central America unfolds.

In addition, by referencing House-passed or House-reported bills, the continuing resolution includes language provisions that, by themselves, make the resolution unacceptable. The most serious objectionable provisions, any one of which would cause a veto recommendation, are identified in the attachment.

Five items concerning arms control, any one of which would prompt a veto recommendation, can be resolved by amending the provisions to make them consistent with the DOD Authorization Conference Report. These provisions are as follows:

- o Prohibit the development, testing, or deployment of an ABM System under certain circumstances (Defense);
- o Limit U.S. strategic nuclear forces to the numerical sublimits of the SALT II agreement (Defense);
- o Prohibit U.S. nuclear explosions exceeding one kiloton (Defense);
- o Impose a one-year moratorium on the testing of the Space Defense System (ASAT) against objects in space (Defense); and

- o Prohibit the development or deployment of the Space-Based Interceptor Project (Defense).

The Administration is strongly opposed to efforts expected on the House floor to add entire authorizing bills to the continuing resolution. For example, inclusion of the Fairness Doctrine, which the President has already vetoed, would certainly lead to a veto recommendation. An omnibus continuing resolution is not the appropriate vehicle for legislation that should be debated and enacted separately. Any attempt to ensure passage of legislation in this way would result in a veto recommendation.

Finally, the bill contains numerous other objectionable provisions, any combination of which could trigger a veto. These provisions have been summarized in previous Statements of Administration Policy on each of the bills included in the resolution by reference.

The Administration urges the House to craft an appropriations measure that comports with the bipartisan agreement and is free of extraneous language provisions so that the President's senior advisers can recommend that he sign this legislation.



STATEMENT OF ADMINISTRATION POLICY

**MOST OBJECTIONABLE LANGUAGE ITEMS IN FULL-YEAR
CONTINUING RESOLUTION, ANY ONE OF WHICH COULD TRIGGER
VETO RECOMMENDATION**

H.J.RES. 395

Rural Devel

- The Continuing Resolution (CR) deletes the authority of the Secretary of Treasury to disallow any premium-free prepayment of REA-guaranteed FFB direct loans. Must be deleted or modified in an acceptable way.
- The CR prohibits any efforts to alter the method of computing normalized prices for agricultural commodities in effect January 1, 1987, thus blocking Administration efforts to end the water subsidy/price subsidy double-dip. Must be deleted.
- The CR specifies detailed up-front appropriations for each of the CCC farm price support programs. This would be difficult to administer and would likely result in unwarranted delays in providing loans and payments to farmers. Must be deleted.
- The CR precludes sale of loans made by the Agricultural Credit Insurance Fund. Must be deleted.
- The CR denies use of private debt collection agencies in FmHA. Must be deleted.

Com/Jus/State

- The CR prohibits the sale of EDA loans without approval of borrower. Must be deleted.

Defense

- The CR prohibits development, testing, or deployment of an ABM System under certain circumstances. Must be deleted or modified in an acceptable way.
- The CR limits U.S. strategic nuclear forces to the numerical sublimits of the SALT II agreement. Must be deleted or modified in an acceptable way.
- The CR prohibits U.S. nuclear explosions exceeding one kiloton. Must be deleted or modified in an acceptable way.
- The CR imposes a one year moratorium on testing of Space Defense System (ASAT) against objects in space. Must be deleted or modified in an acceptable way.
- The CR prohibits DOD from purchasing foreign-made supercomputers unless the Secretary certifies that capability is not available from U.S. manufacturers. Must be deleted.
- The CR eliminates funding for A-76 studies or contracting-out for any reservoir administered by the Corps of Engineers. Must be deleted.

Dist of Columbia - None.

- Energy and Water - The CR blocks the Bureau of Reclamation from moving to Denver or reorganizing as planned until Congress can review the plans. Must be deleted or modified in an acceptable way.
- The CR includes over 40 unbudgeted construction starts and other add-ons for Army Corps of Engineers water projects. Particularly objectionable is the mandated funding for: (a) the next segment of the uneconomic \$1.6 billion Red River Waterway (LA) and (b) Helena Harbor (AR). Must be deleted.
- Foreign Ops - The CR rescinds \$64 million in previously appropriated funds that were committed to Korea which, it is claimed, is the amount of the benefit Korea will receive under the debt restructuring proposal. Must be deleted.
- The CR prohibits use of U.S.-supplied military equipment by Turkish troops on Cyprus and codifies the 7:10 ratio of military aid to Greece and Turkey. Must be deleted.
- HUD-Independent - The CR prohibits selling section 312 direct loans made to rehabilitate single and multi-family units. Must be deleted.
- Interior - The CR requires that structures on the OCS contain at least 50 percent U.S. materials. Must be deleted.
- Labor/HHS/Ed - None.
- Legis. Branch - None.
- Mil Con - None.
- Transportation - None.

- Treasury/Postal - The CR directs GSA to acquire a building in Chicago, Ill. and buildings for the EPA and DOT through lease purchase arrangements. Must be deleted.
- The CR requires the expenditure of over \$200 million from receipts from surplus silver disposal for the acquisition of chromium, cobalt, manganese, and platinum metals which are not needed to meet national security requirements. Must be deleted or modified in an acceptable way.
- Other - The CR incorporates a 3 percent Federal Civilian pay raise in January 1988, with 65 percent absorption. Must be modified to conform with bipartisan budget agreement.
- The CR, in virtually every Subcommittee, includes numerous provisions which intrude unnecessarily into Executive Branch responsibilities and have been detailed in previous Statements of Administration Policy (such as staffing floors and Chadha issues). Must be deleted or modified in an acceptable way.